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BIG LOTS STORES, INC. and  
13 RMS INTERNATIONAL (USA), INC.

14  
15 **UNITED STATES DISTRICT COURT**  
16 **CENTRAL DISTRICT OF CALIFORNIA**  
17

18 LANARD TOYS LIMITED,  
19 Plaintiff,  
20 v.  
21 BIG LOTS STORES, INC. and RMS  
INTERNATIONAL (USA), INC., and  
22 DOES 1 through 10,  
23 Defendants.

Case No.: 2:17-CV-04469  
[Honorable Manuel L. Real]

DEFENDANTS BIG LOTS STORES,  
INC. AND RMS INTERNATIONAL  
(USA), INC.'S REPLY  
MEMORANDUM OF LAW IN  
SUPPORT OF THEIR MOTION TO  
TRANSFER VENUE PURSUANT  
TO 28 U.S.C. § 1404(a)

JUDGE: Hon. Manuel L. Real  
DATE: November 6, 2017  
TIME: 10:00 a.m.  
PLACE: Courtroom 880

[Filed concurrently with Supporting  
Declaration of Jeffrey A. Lindenbaum]

## 1      **A. Preliminary Statement**

2      Transfer of this case to the Western District of Missouri would be more  
 3 convenient for Defendants and their witnesses; Plaintiff does not rebut this point.  
 4 Rather it argues that California would be more convenient for Plaintiff and its  
 5 witnesses.<sup>1</sup> Given this standoff, one factor overwhelmingly tips the scales in favor of  
 6 a transfer. Namely, there are two related lawsuits (in California and Missouri) which,  
 7 for reasons of judicial economy, should be consolidated. Plaintiff has asserted the  
 8 identical intellectual property in both actions, namely the same CHALK BOMB!  
 9 trademark (and Federal Registration), the same copyright in its toy chalk bomb  
 10 packaging, and alleges rights in the same trade dress. Plaintiff's legal allegations in  
 11 the two cases mirror one another. There is overlap in parties as both cases involve  
 12 Plaintiff Lanard and Defendant RMS. In each case, the Defendants have lodged the  
 13 identical challenge against Plaintiff's intellectual property rights, including the  
 14 allegation that the Plaintiff's mark CHALK BOMB! is a merely descriptive term and  
 15 unprotectable term for the parties' goods, and that Plaintiff cannot establish  
 16 protectable rights in the trade dress of its package. The defenses and counterclaims  
 17 are identical in the two cases, including for cancellation of the Plaintiff's CHALK  
 18 BOMB! trademark registration. Plaintiff Lanard and Defendant RMS will introduce  
 19 testimony from the same fact witnesses in both cases.

20      Since this Court does not have personal jurisdiction over Menards (the second  
 21 defendant in the Missouri action), consolidation can only occur if this Court first  
 22 transfers this action to the Western District of Missouri, where the related action is  
 23 pending. The Western District of Missouri has jurisdiction over all of the parties in  
 24  
 25

26  
 27      <sup>1</sup> In opposing Defendants' motion, Plaintiff is quick to point out the location of its California  
 28 facility, but it omits to acknowledge that when it filed the related action in Missouri, it pointed to its  
 "large customer service and warehouse facility in Kansas City, Missouri" presumably as evidence  
 that Missouri is a convenient forum to lodge Plaintiff's claims regarding its CHALK BOMB!  
 product. (L. McAndrews Decl. at Ex. A, Complaint at ¶ 8.)

1 both of these actions, and the proceedings in that case are in the same preliminary  
2 stage as this case.

3 In arguing that consolidation would not be proper, Plaintiff argues some  
4 differences between the two actions. But, consolidation does not require that the two  
5 cases be identical. Commonality of each and every issue is not required. The proper  
6 test for consolidation is that there are some common questions of law and fact.  
7 *Aroche v. Park*, 2017 U.S. Dist. LEXIS 102456, at \*11 (C.D. Cal. June 5, 2017)  
8 (“actions do not need to be identical before they are consolidated”). As discussed  
9 below, there is substantial overlap between the two actions. Moreover, the amount at  
10 stake in these lawsuits, where the profits were only about \$17,000 in both cases  
11 combined (with less than \$5,000 of profits being at stake in this litigation), strongly  
12 favors consolidation. Under these circumstances, it is unreasonable for Plaintiff to  
13 demand that its related claims proceed in two separate courts with two separate jury  
14 trials (each of which Plaintiff estimates will consume 10-15 days in court).

### 15 **B. Discussion**

16 Consolidation “requires only a common question of law or fact; perfect identity  
17 between all claims in any two cases is not required.” *Zimmerman v. Nev. CVS*  
18 *Pharmacy, LLC*, 2017 U.S. Dist. LEXIS 131361, at \*1 (D. Nev. Aug. 17, 2017);  
19 *Aroche*, 2017 U.S. Dist. LEXIS 102456, at \*11. The “Court must weigh “the interest  
20 of judicial convenience against the potential for delay, confusion and prejudice caused  
21 by consolidation.” *Zimmerman*, 2017 U.S. Dist. LEXIS 131361, at \*1. While “a  
22 district court does have broad discretion in determining whether consolidation is  
23 appropriate, typically, consolidation is favored.” *Tse v. Apple, Inc.*, 2013 U.S. Dist.  
24 LEXIS 15646, at \*9 (N.D. Cal. 2013) (citing, *In re Oreck Corp. Halo Vacuum and Air*  
25 *Purifiers Marketing and Sales*, 282 F.R.D. 486, 490 (C.D. Cal. 2012)).

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# 1                   **1. There is Substantial Overlap of Legal and Factual Issues**

2           There is substantial overlap in the legal and factual issues present in the two  
3 lawsuits, including:

- 4           • Both cases have a single Plaintiff, Lanard Toys.
- 5           • Defendant RMS is a defendant in both actions, accused of the same conduct,  
6           namely supplying a chalk filled pouch toy to the retail store chains;
- 7           • The legal causes of action in both lawsuits are the same. A reading of both  
8           complaints reveals that the legal causes of action mirror one another. Both  
9           cases allege:
  - 10           ○ Copyright Infringement under 17 USC § 101, et. seq. (Claim 1), asserting  
11           infringement of U.S. Copyright Registration No. VA 2-022-296 and VA  
12           1-999-283 directed to its CHALK BOMB!® packaging design
  - 13           ○ False Designation of Origin Under 15 U.S.C. § 1125(a) (Claim 2),  
14           asserting Defendants' use of the CHALK BOMB (or CHALK BOMBS)  
15           mark infringes Plaintiff U.S. Registration No. 5,046,808 for the mark  
16           CHALK BOMB!
  - 17           ○ Trademark Infringement under 15 U.S.C. § 1114, alleging infringement  
18           of Plaintiff's U.S. Registration No. 5,046,808 for the mark CHALK  
19           BOMB!
  - 20           ○ Trade Dress Infringement Under 15 U.S.C. § 1125(a) (Claim 4), alleging  
21           Defendants' use of the trade dress in Lanard's CHALK BOMB! is likely  
22           to cause confusion.<sup>2</sup>
- 23           • The remedies Plaintiff seeks in both actions are the same.

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27           <sup>2</sup> The only legal claim that is different is the final claim in each Complaint. In the California  
28 lawsuit, Plaintiff's alleged unfair competition under California's Bus. & Prof. Code, whereas in the  
Missouri action, it alleged Unfair Competition under common law. (L. McAndrews Decl. at Ex. A.)

- 1 • Defendants' defenses and counterclaims are the same in the two actions.
- 2 • Although they have different packaging, the accused product is the same,
- 3 namely a toy pouch (or "bomb") of colored chalk. With both cases involving
- 4 the identical toy, there will be overlap in factors likely to be relevant to the
- 5 analysis of whether there would be consumer confusion, including:
- 6     ○ Proximity or relatedness of the goods
- 7     ○ Target consumers
- 8     ○ General price category
- 9     ○ Sophistication of the consumer
- 10     ○ Purchasing conditions (e.g., degree of care consumers are likely to
- 11         exercise when making the purchase)
- 12     ○ Type of stores where the toy may be sold, and sections of store where it
- 13         would be sold
- 14     ○ Channels of trade
- 15     ○ Similar products in the market
- 16     ○ Marketing channels
- 17     ○ Likelihood of expansion of product lines
- 18 • The general time period for the accused conduct is roughly the same, with
- 19 totality of sales occurring in both cases between approximately early to the
- 20 middle of 2017.
- 21 • Plaintiff has indicated that it intends to call the same fact witnesses to support
- 22 its claims in both actions, namely, James Hesterberg, Doris Lee, Yvone
- 23 Cheung, Angel Lee and Iris Fung.<sup>3</sup> (*See* Declaration of Jeffrey A. Lindenbaum
- 24 in Support of Reply Memorandum ("Lindenbaum Reply Decl.") Ex. A.)<sup>4</sup>

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26 <sup>3</sup> It is noteworthy that in its opposition to this motion to transfer, Plaintiff created a list of

27 witnesses to try to support its position on convenience, but most of these witnesses were not

28 identified in Plaintiff's Initial Disclosures as witnesses Plaintiff intends to rely on to support its

claims. (Lindenbaum Reply Decl. Ex. A.)

<sup>4</sup> Plaintiff's boilerplate objections to the admissibility of Defendants' declarations should all

be overruled. The relevance is obvious, particularly as it pertains to issues of convenience of the

- Defendant RMS intends to rely on the same fact witnesses, including Warren Herscovitz, Amy Darling and Alejandro Lalinde. (*See* Lindenbaum Reply Decl. Ex. B.)

Ignoring the many similarities, Plaintiff's brief focuses on differences in the packaging for the products at issue in the California case, and the Missouri action. Plaintiff also argues that while both cases involve comparison of the mark CHALK BOMB! to the alleged use of Chalk Bomb, only the Missouri case includes comparison of CHALK BOMB! to Chalk Attack. While these products were in fact sold in different packaging, the analysis of whether Plaintiff has rights in the asserted intellectual property, and the scope of those rights will be identical in both cases, and is a fundamental issue. Moreover, and regardless of differences in the packaging, there will naturally be substantial overlap in the analysis of whether the Plaintiff can prove rights in the term CHALK BOMB!, and whether Chalk Bomb and Chalk Attack would infringe Plaintiff's CHALK BOMB! Mark (if protectable), when applied to the Defendants' identical toy product. This is not a case where the marks in the two actions are being applied to completely different fields of commerce, as would be the case if the defendants' products in each action were different (e.g., comparison of a toy pouch of chalk to accounting services or to pharmaceuticals). In both cases the jury members will be asked to compare a toy pouch of chalk to a toy pouch of chalk. There would also be risk of inconsistent rulings absent consolidation.

## **2. Consolidation Will Conserve Judicial and Party Resources**

Consolidating the two actions and synchronizing their schedules will conserve a significant amount of judicial resources. Case management conferences, hearings on motions, and trial will be conducted once, not twice. This will significantly reduce the amount of judicial resources that are consumed by these actions in any case, let alone

parties and judicial economy, and the witnesses each declare they have knowledge of the underlying subject matter.

1 where Plaintiff, as here, has indicated it expects to conduct a jury trial lasting 10-15  
2 days in each case. Conducting 30 days of trial when the combined profits for the few  
3 months of sales of this discontinued toy were approximately \$17,000 cannot be  
4 justified.

5 Consolidation of the two actions will reduce the amount of resources expended  
6 not only by the courts, but of course by the parties as well. The defendants in both  
7 actions will likely seek production of the same documents and propound similar  
8 requests for admissions and interrogatories. Plaintiff will almost certainly seek much  
9 of the same discovery from Defendant RMS in both actions. Similarly, the parties can  
10 proceed with one set of depositions, instead of duplicative depositions for each action.  
11 One set of motions can be submitted instead of two. The Parties will avoid  
12 duplicating documents, demands and addressing separate schedules and court  
13 appearances. The Parties will have to prepare for one trial instead of two, including  
14 one set of motions in limine, one set of jury instructions, one pre-trial order, etc. This  
15 alone will likely save each party hundreds of thousands of dollars. Consolidation of  
16 the two cases will also alleviate the burden on third party witnesses, who should only  
17 have to be deposed once, and only have to appear at one trial in one city.

18 **3. Plaintiff will Suffer No Prejudice and Will Benefit From**  
19 **Consolidation**

20 Plaintiff has pointed to no significant prejudice that it would suffer by  
21 consolidation of these two actions. Consolidation will not delay these cases, and  
22 likely will result in a quicker resolution, as the parties can focus on one case instead of  
23 two. Plaintiff is free to pursue all the same remedies once the matters are  
24 consolidated. And like Defendants, Plaintiff will also benefit from the economic  
25 savings of a single consolidated action.

26 While Plaintiff may be indifferent as to the economic harm suffered by  
27 Defendants (or itself) in having to litigate two separate lawsuits, the Federal Rules  
28 (including Fed. R. Civ. P. 1 and 42(a)) and the equitable principles of this Court

1 require the parties and the court to pursue the “just, speedy, and inexpensive  
2 determination of every action and proceeding.” Fed. R. Civ. P. 1. A transfer of this  
3 action to Missouri so that it may be consolidated with the pending related action will  
4 meet this goal, and Defendants’ motion should therefore be GRANTED.

5  
6 DATED: October 23, 2017

COLLEN IP, Intellectual Property Law, P.C.  
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7  
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12 By: /s/ Jeffrey A. Lindenbaum

13 JEFFREY A. LINDENBAUM

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16 INTERNATIONAL (USA), INC.  
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**CERTIFICATE OF SERVICE**

I am employed in the State of California, County of Los Angeles. I am over the age of 18 years old and am not a party to this action. My business address is 800 Wilshire Boulevard, Suite 1450, Los Angeles, California 90017.

On October 23, 2017, I served the following document described as:

**DEFENDANTS BIG LOTS STORES, INC. AND RMS  
INTERNATIONAL (USA), INC.’S REPLY MEMORANDUM IN SUPPORT OF  
THEIR MOTION TO TRANSFER VENUE PURSUANT TO 28 U.S.C. § 1404(a)**

by serving a true copy of the above-described document by electronically filing the same with the United States District Court for the Central District of California.

I am familiar with the United States District Court for the Central District of California’s practice for collecting and processing electronic filings. Under that practice, and pursuant to Local Rule 5-3.2, documents are electronically filed with the court. Upon the electronic filing of a document, the court’s CM/ECF system will generate a Notice of Electric Filing (NEF) to the filing party, the assigned judge, and all attorneys who have appeared in the case in this Court and who have consented to receive service through the CM/ECF system. The NEF will constitute service of the document pursuant to the Federal Rules of Civil Procedure. The NEF will constitute proof of service for individuals so served.

I declare that I am a member in good standing of the California State Bar Association and am admitted to practice before the United States District Court for the Central District of California. I declare under penalty of perjury that the foregoing is true and correct.

Executed on October 23, 2017, at Los Angeles, California.

**/s/ John J. O’Kane IV**

JOHN J. O’KANE IV